

Message Text

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ACTION EB-12

INFO OCT-01 EUR-25 NEA-14 ISO-00 SP-03 AID-05 NSC-07

RSC-01 CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 USIA-15 PRS-01 DRC-01

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R 041636Z OCT 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 7294

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS: EFIN, EAID, IT

SUBJECT: INDIAN DEBT RESCHEDULING; INDIA, PAKISTAN
AND BANGLADESH AID CONSORTIA

REF: STATE 212193

1. EMBOFFS UNDERTOOK DEMARCHE REQUESTED (REFTTEL) WITH SALVATORE BAEI, SENIOR DIRECTOR, MINISTRY OF TREASURY, OFFICIAL CHARGED WITH DEVELOPMENT ASSISTANCE RESPONSIBILITY. WE EXPLAINED US POSITION ON APPROPRIATE FORUM FOR CONSIDERATION OF MULTILATERAL DEBT RESCHEDULING REQUESTS. BAEI INDICATED THAT CURRENT GOI POSITION IS CONSISTENT WITH PROPOSED US POLICY AND REFLECTS CURRENT ECONOMIC REALITIES UNDERLYING ITALY'S AID POLICY.

2. IN REGARD TO DEVELOPMENT ASSISTANCE TO PAKISTAN, INDIA, AND BANGLADESH, BAEI INDICATED THAT HE WELCOMED DIVORCE
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OF SPECIFIC DEBT RESCHEDULING ISSUE FROM DEVELOPMENT

ASSISTANCE ISSUES, ESPECIALLY SINCE TREASURY STAFF HAS
RECOMMENDED TO TREASURY MINISTER THAT: (1) GOI MAKE CLEAR
AT NEXT INDIA AND PAKISTAN AID CONSORTIA MEETINGS THAT
HENCEFORTH IT WILL ONLY BE AN OBSERVER, AND
(2) GOI NOT PARTICIPATE IN ANY AID CONSORTIUM
FOR BANGLADESH. BAEI STATED THAT LARGE AMOUNT OF
OUTSTANDING GOI CREDITS TO THESE THREE COUNTRIES
OF ABOUT 250 BILLION LIRE (APPROXIMATELY \$380 MILLION)
IN FACE OF CURRENT ITALIAN ECONOMIC DIFFICULTIES MAKES
FREEZE ON NEW PLEDGES AND OBSERVOR STATUS MANDATORY.
CONTINUED GOI PARTICIPATION IN CURRENT INDICAN MULTILATERAL
DEBT RESCHEDULING NOT REPEAT NOT AFFECTED BY DECISION
ON PARTICIPATION IN AID CONSORTIA FOR INDIA, PAKISTAN,
AND BANGLADESH. BAEI ADDED THAT GOI CAN PARTICIPATE
IN INDIAN DEBT RESCHEDULING SINCE IT HAS NO CHOICE, AND
SINCE THIS FORM OF LIMITED "ASSISTANCE" IS POLITICALLY
MORE ACCEPTABLE THAN "NEW" CREDITS WOULD BE. BEAUDRY

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Message Attributes

Automatic Decaptioning: X
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Disposition Authority: CollinP0
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Disposition History: n/a
Disposition Reason:
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30 JUN 2005

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